13 April 2010

Weapon System Acquisition Reform- Product Support Assessment

DAU SYMPOSIUM

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PBL Has Been Under Increasing Scrutiny

It is not:

A transactional T&M contract with no relationship between operation outcome and cost

A license to drive margins to ridiculous levels - the Washington Post test always applied

A veil of secrecy to pull around a program - transparency is always required

Just about operational improvement without cost-consciousness - balance must always be maintained

IF not PBL, then what?

Most Logistics Funding Is Spent On Product Support

- The DoD spends roughly $132 billion or 20% of its yearly budget on product support
- PRTM was awarded base contract with 3 option years to support Office of the Deputy Under Secretary of Defense for Logistics and Materiel Readiness (L&MR)
  - Facilitate government and Industry team to assess Product Support and make recommendations on how to improve existing weapon system sustainment strategy, readiness and product life cycle cost
  - Implement the recommendations
- Weapon System Acquisition Reform Product Support Assessment (WSAR-PSA) Approach:
  - Conduct an as-is assessment of product support implementation,
  - Recommend improvements to weapon system policies, procedures and practices
  - Guide DoD on its way forward for performance based life cycle product support improvements

Start and End with the Warfighter's Objectives
Demonstrate and Enforce Life Cycle Focus
Build Mutually Beneficial Partnerships
Incentivize Accountability for Performance
Enterprise Means Enterprise (and Joint Means Joint)
Aligned and synchronized operational, acquisition, and sustainment communities working together to deliver required and affordable Warfighter outcomes

DoD cannot sustain the current cost of product support

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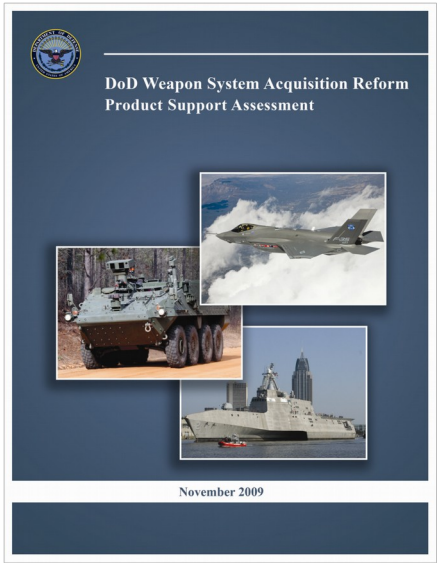
WSARA-PSA Advances The Science Of Product Support

Complements the Weapon System Acquisition Reform Act initiatives with perspectives attentive to life cycle management and sustainment

- Provides eight recommendations to improve weapon system sustainment, readiness and cost control
- Development and implementation team encompass operational, acquisition, sustainment communities from Services, DoD organizations, Agencies and industry



Implementing WSAR-PSA recommendations will:

1. Provide Program Managers a strategy and guidebook to drive cost-effective performance and capability for the Warfighter across the weapon system life cycle
2. View and measure DoD supply chains from end-to-end to optimize the use of Department resources and emerging best-practices
3. Improve integration and utilization of the combined organic and commercial Defense Industrial Base
4. Provide the skills to implement Product Support Business Model

What does this mean to you and your organization?

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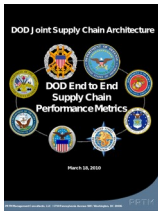
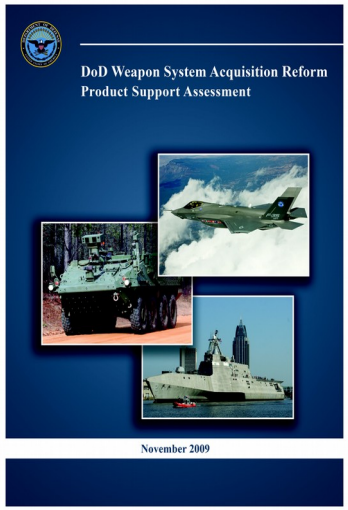
WSAR-PSA Initiatives Are Being Implemented By Service, Agency, And Industry Personnel

805 Policy



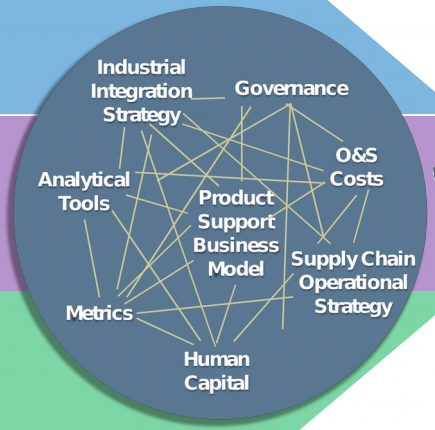
Improved Readiness



IPT # 1 Product Support Business Model
Analytical Tools
Industrial Integration
Supply Chain Integration

IPT # 2 Governance Metrics
O&S Cost

IPT # 3 Human Capital



Better Cost Control

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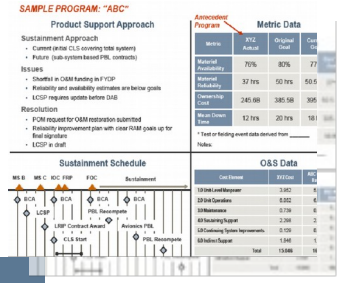

FY11

DoD Guide to Analytical Tools 2011

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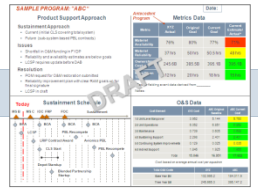
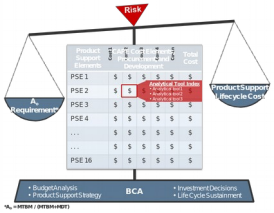
Product Support Management Tools Form An Integrated Process To Improve Readiness And Control Cost



Sustainment Metrics

CARD , Etc.

Requirements Documents



Business Analysis

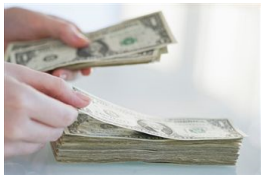
LCSP

Life Cycle Sustainment Plan

Operations Plans

Variance Analysis

Independent Logistics Assessment



Budget Request

Operations

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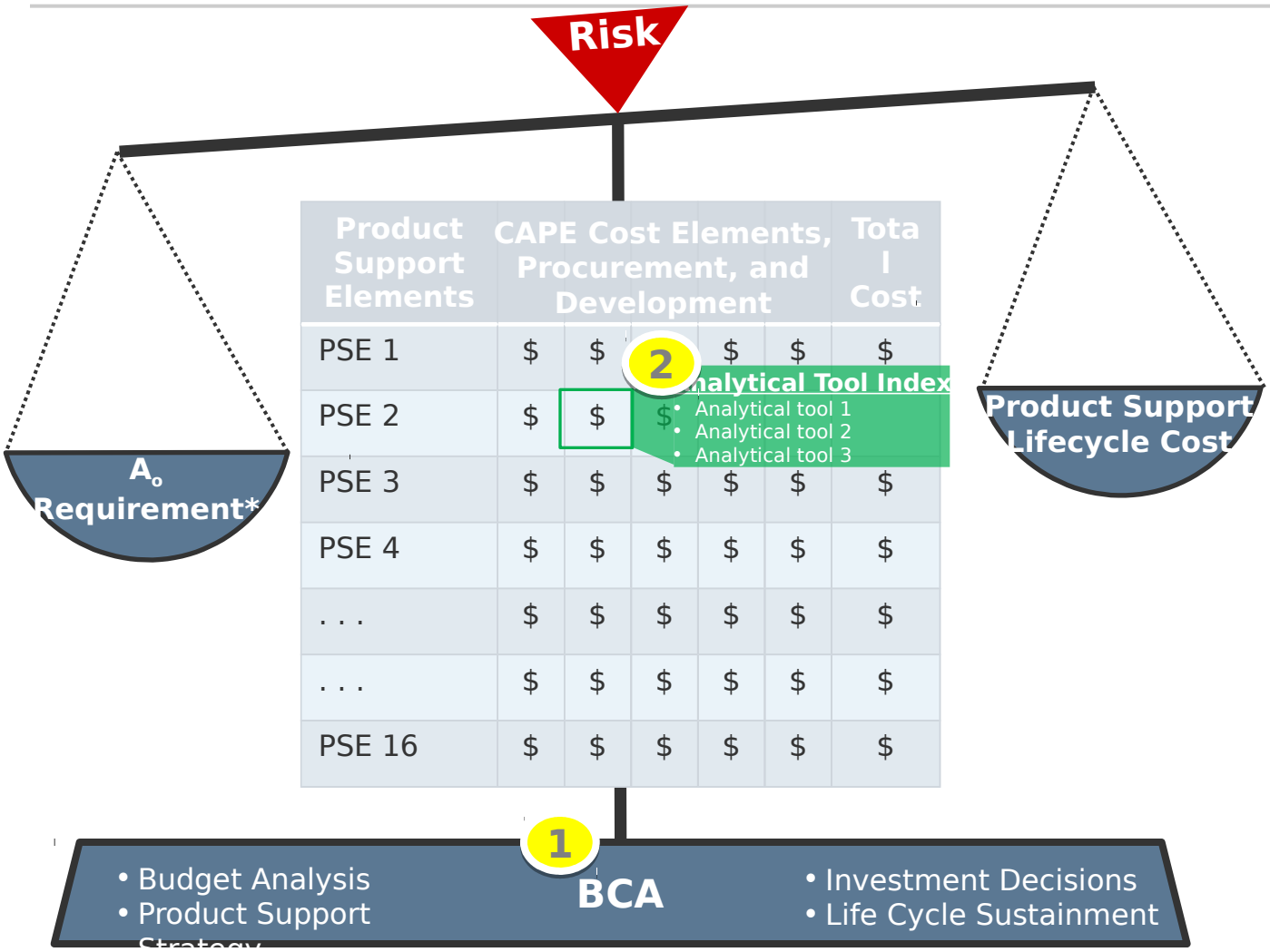
Business Case Analyses And Supporting Analytical Tools Ensure Data Drives Sustainment Decisions



1. **Business Case Analysis:**
   - Clarifies BCA structure
   - Guides BCA processes and procedures
2. **Analytical Tools:**
   - Creates an online repository of analytical tools
   - Maps tools to the Product Support Elements and lifecycle phase

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***Note:** $A_O = \frac{MTBF}{MTBF + MDT}$

IPT 1 Implements The PSBM's Strategic Recommendations

PSM Guidebook: in-progress

- Provides PSMs step-by-step guidance for implementing the PSBM
- Finalizing guidebook outline and getting ready to collect existing and write new material

Industrial Integration: in-progress

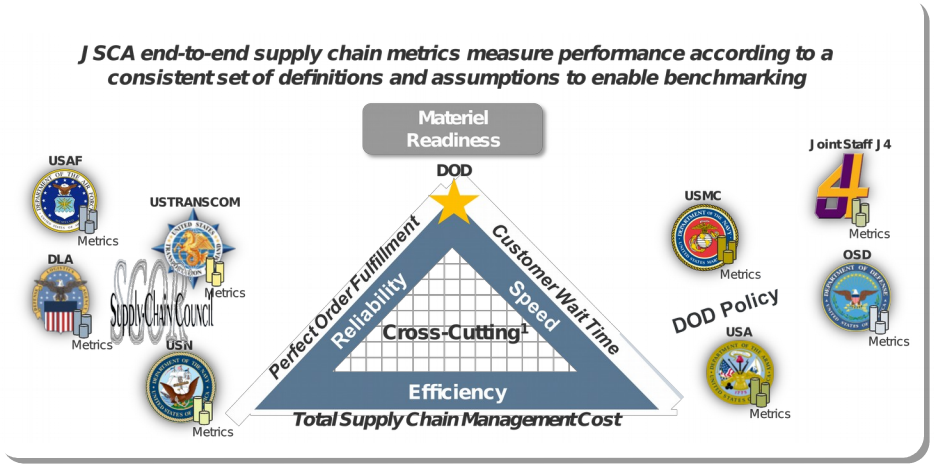
- Facilitates partnering "beyond maintenance"
- Determining information, process, and policy enablers needed to expand partnering

Business Analysis: in-progress

- Integrates with and informs the PSM Guidebook to help PSMs make data-driven decisions in alternatives selection
- Interviewing business analysis stakeholders to identify best practices and opportunities

JSCA: in-progress

- Enables measurement and management of end-to-end joint weapon system supply chains to improve materiel readiness and control costs
- Refining top-level supply chain metrics on CIWS, C-130, and a third weapon system



PSMs will have the tools they need to use the Product Support Business Model

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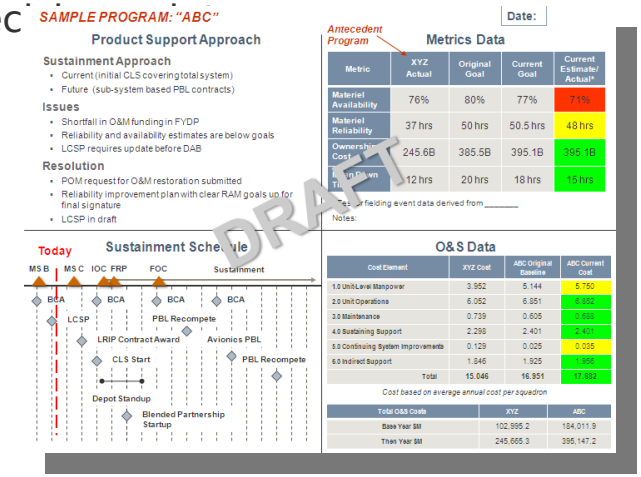
IPT 2 Implements The PSBM's Operational Enabling Recommendations

Sustainment Quad Chart: <u>complete</u>

- Addresses sustainment information (strategy, metrics, and cost) at major dec



ILA: <u>in-progress</u>

- Provides auditing tool for LCSP and product support strategy
- Standardizing and issuing guidance on OSD ready ILA's across Services

Post-IOC: <u>in-progress</u>

- Measures product support strategy effectiveness after IOC
- Collecting recommendations for pilot programs incorporating the quad chart and ILA guidance

O&S Cost: <u>in-progress</u>

- Establishes an O&S affordability requirement and links O&S budgets to readiness
- Increases visibility of O&S costs and drivers
- Refining GAO report with improvement recommendations for O&S cost management

Governance and Policy: <u>in-progress</u>

- NDAA 2010 Section 805 policy draft

that is currently in development

Governance processes enable product support outcome accountability across the weapon system life cycle

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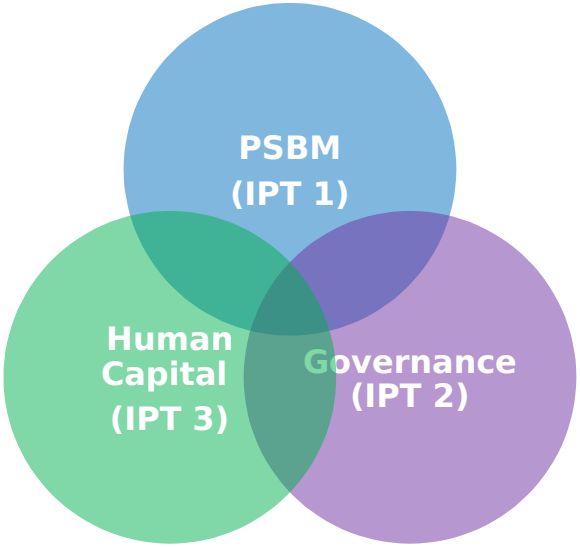
IPT 3 Ensures DoD Can Have Product Support Professionals Skilled In Implementing The PSBM

Mission: Implement an integrated approach to DoD and industry workforce capable of delivering outcome-based life cycle product support

Approach: Plan, develop and deliver integrated, interdisciplinary, cross-functional initiatives, partnerships, guidebooks, handbooks, tools, and learning assets to align and expand DoD and industry workforce product support professional development

Six Focus Areas:

1. Product Support Competencies
2. Incorporate Competencies into Training
3. Identify Workforce Assimilation Requirements
4. Grow and Develop Product Support Workforce
5. Expand Integrated Life Cycle Management Training
6. Update key DoD Guidebooks and Handbooks



PSBM product support professional development material is being actively developed

Final thoughts

- **Can't afford sustainment at the expense of Acquisition and RDT&E**
- **The WSAR-PSA provides opportunities for success**
  - Programs can use these changes to greatly enhance weapon system value
  - DoD can make enterprise improvements without sacrificing readiness
  - Industry has opportunities to prove it's innovative capabilities
- **Don't**
  - Use old school transaction based metrics
  - Be clouded by the color of money
  - Confuse performance of logistics over weapon system performance
- **Do**
  - Use collaboration, teaming, and partnering to achieve higher levels of success
  - Outcome based end-to-end performance metrics to make informed fact based decisions

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